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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05/26/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, May 25

NIHON KEIZAI (Page 2) (Full)
May 26, 2006

08:15
Met Deputy Chief Cabinet Secretary Suzuki at Kantei.

09:00
Attended a meeting of the Upper House Special Committee on
Administrative Reform.

12:02
Arrived at Kantei.

13:00
Attended a meeting of the Upper House Special Committee on
Administrative Reform.

17:31

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Met at Kantei with former Prime Minister Hashimoto, who is a
member of the Japan-Arab Dialogue Forum, Nippon Keidanren (Japan
Business Federation) Vice Chairman Kenji Miyahara, and others.

18:03
Met Upper House member Yoriko Kawaguchi.

18:47
Attended a dinner party hosted by the international exchange
conference "The Future of Asia" at Hotel Okura.

19:38
Arrived at Kantei.

20:35
Went to residence.

4) US President Bush to visit Presley's residence along with
Prime Minister Koizumi

YOMIURI (Page 2) (Full)
May 26, 2006

Fumi Igarashi, Washington

US President Bush plans to show unusually great hospitality to
Prime Minister Koizumi, who is to travel to the United States
starting on June 28. Bush intends to highlight the good
relationship between the leaders and also play up Japan as an
ally, apparently making a clear distinction with Chinese
President Hu Jintao's visit to the US in April.

In his address in Pennsylvania on May 24, Bush highlighted his
close ties with Koizumi, portraying him this way: "He's an
interesting man. He loved Elvis and loves him even now."

The prime minister will hold a summit with the president on June
29. The White House is making arrangements to treat the prime
minister as a state guest, for instance, planning a welcome event
on the South Lawn, a welcome dinner hosted by the president, and
using the Blair House for the prime minister to stay. On June 30,
the prime minister is scheduled to visit Elvis Presley's
residence at Memphis, Tennessee. There is even the speculation
that the president will fly aboard Air Force One to visit there
along with the prime minister.

5) Government, ruling coalition plan to end current Diet session
before Koizumi's US visit

MAINICHI (Page 1) (Abridged slightly)
May 26, 2006

The government and ruling parties yesterday launched coordination

in the direction of extending the ongoing Diet session, which ends on June 18, for about a week until June 27 when Prime Minister Junichiro Koizumi leaves for Canada and the United States. Koizumi will visit Canada and the US from June 27 to July 1. Of important bills, they intend to pass an administrative reform promotion law and a set of bills to reform the medical system through the Diet during the current session. The outlook is that it will be extremely difficult to enact a bill to revise the organized crime law that would make "conspiracy" a crime, and

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a bill to amend the Basic Education law into law during the ongoing Diet session.

Although the ruling coalition had called for a lengthy extension of the current Diet session, Koizumi remained reluctant to do so. The LDP's coalition partner New Komeito has sought the enactment of the education reform bill during the current session, but the view that there is no choice but to carry the bill over to the next session has gained ground, so calls for extending the session substantially gradually disappeared.

Koizumi seems to have the view that it is wise to direct public attention to September's Liberal Democratic Party presidential election, by not extending the current Diet session, so that presidential candidates will be able to conduct their campaigns earlier.

The administrative reform promotion bill will be adopted today at a House of Councillors plenary session. The government and ruling camp see that it will be difficult to get the medical system reform bill through the Diet during the current session as the main opposition party Minshuto (Democratic Party of Japan) and Social Democratic Party have refused to attend Lower House deliberations in defiance of the ruling coalition's forced vote on the bill.

Although a House of Representative special committee started on deliberations on the education reform bill, chances are that the bill will be carried over to the next session. It is also difficult to enact a national referendum bill into law during the current Diet session. Both ruling and opposition parties will submit their own referendum bills to the Diet today.

6) Opposition parties to form united front to attack conspiracy bill, US beef imports; Ozawa, Fukushima meet

TOKYO SHIMBUN (Page 2) (Full)
May 26, 2006

Ichiro Ozawa, head of the Democratic Party of Japan (DPJ = Minshuto), and Mizuho Fukushima, head of the Social Democratic Party (SDP) yesterday evening met at a Tokyo hotel and agreed to strengthen a joint struggle by the opposition parties in order to prevent the resumption of US beef imports, which Tokyo and Washington have recently agreed on in principle.

They agreed to undertake coordination to hold a meeting of four opposition party heads with the aim of strengthening cooperation also with the Japanese Communist Party and the People's New Party/

Commenting on the Upper House election in the next summer, Ozawa during the meeting called on anti-LDP and New Komeito forces to join forces, noting: "If you know good candidates, do not hesitate to recommend. We can field candidates from outside our party." The secretaries general of the DPJ and the SDP were also present at the meeting.

7) LDP Constitution Research Commission chairman would like to revise war-renouncing clause

TOKYO SHIMBUN (Page 2) (Full)

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May 26, 2006

Hajime Funada, chairman of the LDP Research Commission on the Constitution, yesterday gave a speech at the LDP headquarters. In it, he restated his thinking that the party's new constitution draft, formulated last November, should be drastically revised.

The draft has left war-renouncing Clause 1 of Article 9 intact. Funada indicated his desire to revise that clause, noting, "I want to see this clause discussed and strengthened." He made this speech out of consideration to some members of his party who think that there is the possibility of the right of collective self-defense not being authorized under the draft constitution.

Funada also called for mentioning the exercise of the right of collective self-defense in the draft. He then added, "I would like to have the Diet revise the Constitution on its own responsibility within three years at the earliest or within five years at the latest."

8) Administrative reform bill to obtain Diet approval today

YOMIURI (Page 2) (Full)
May 26, 2006

The Upper House Special Committee on Administrative Reform yesterday adopted by a majority from members of the Liberal Democratic Party and the New Komeito five administrative reform-related bills, including administrative reform promotion legislation, which the Koizumi administration has characterized as the most important bill in the current Diet session,. The set of bills will be approved and passed into law at the Upper House plenary session this morning.

The Democratic Party of Japan (Minshuto) opposed the administrative reform promotion bill, but supported three public utility corporation system reform-related bills and the public service reform bill (market testing bill). The Japanese Communist Party and the Social Democratic Party opposed all the bills.

During a summary interpellation prior to the adoption, Prime Minister Koizumi played up his determination to continue to tackle structural reforms, noting: "This is not the end of my administrative and fiscal reform efforts. There is no pause in politics. There is no end for reform."

9) LDP's Komura: Yasukuni Shrine should voluntarily remove Class-A war criminals

MAINICHI (Page 5) (Excerpt)
May 26, 2006

Former Foreign Minister Masahiko Komura, in a meeting yesterday of his faction, expressed hope that Yasukuni Shrine would voluntarily unenshrine Class-A war criminals. He said: "In order to avoid a situation in which a matter of the heart becomes a diplomatic issue, I would be glad to see Yasukuni Shrine not honor war leaders."

Komura expressed his concern, saying:

"Politicians cannot instruct or order religious organizations. I

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am greatly concerned that Yasukuni Shrine will be unable to remain a national war memorial facility if the present situation continues."

10) Group of 20 junior LDP lawmakers supporting Abe to be formed

MAINICHI (Page 2) (Excerpt)
May 26, 2006

Junior lawmakers of the ruling Liberal Democratic Party (LDP), who have decided to support Chief Cabinet Secretary Shinzo Abe in

the upcoming party presidential election, held a meeting yesterday at party headquarters. They decided to form on June 2 a parliamentary group to support him. The group will be made up of totaling 20 lawmakers from six factions of the LDP and members belonging to no faction. This will be the first cross-factional group to be formed to support Abe's candidacy.

11) Junior Tsushima faction members might field Nukaga in LDP presidential race if Mori faction unable to run single person as its candidate

MAINICHI (Page 2) (Full)
May 26, 2006

Defense Agency Director General Fukushima Nukaga, a member of the Tsushima faction of the Liberal Democratic Party (LDP), dined

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last night with Toshimitsu Motegi, chief secretary general of the faction and former state minister in charge of science and technology and IT policy, as well as with House of Representative members of the faction, who are now serving in their first to fifth term in the Diet. In the session, they agreed that the faction should field its own candidate if multiple candidates run in September's LDP presidential race due to a possible failure of the Mori faction to select only one candidate.

A participant in the dinner was quoted as saying that they confirmed that both Chief Cabinet Secretary Shinzo Abe and former Chief Cabinet Secretary Yasuo Fukuda from the Mori faction may run in the election. However no names were mentioned as a candidate of the Tsushima faction during the dinner. Since the lawmakers at the dinner appear to share the view that Nukaga is a future presidential candidate, there is a possibility that the Tsushima faction may call on Nukaga to run in the election.

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12) Japan will enhance friendship with pro-Japanese nations at Pacific Islands summit set to open today in Okinawa, seeks to counter China's approaches to those nations

NIHON KEIZAI (Page 2) (Almost full)
May 26, 2006

The Pacific Islands Summit will kick off today in Nago City, Okinawa Prefecture, on a two-day schedule. Participating in the conference will be Prime Minister Junichiro Koizumi and leaders of the 14 member countries and two member regions of the Pacific Islands Forum (PIF). Most of those nations are said to be pro-Japanese, but China has suddenly been making approaches to them recently. Koizumi, in part to counter China, wants to strengthen friendship with those nations.

"We are all friends who share the largest peaceful ocean in the

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world called the Pacific, and we will develop together." Foreign Minister Taro Aso made this remark during a welcome reception for the PIF leaders held at the Foreign Ministry Iikura State Guest House on May 25 prior to the start of the Pacific Islands Summit.

All the 12 islands nations that are to participate in the Islands Summit, including Fiji and Tonga, are supporters of Japan's bid for a permanent seat on the United Nations Security Council. The Japanese government has expected them to play the role of a "cheering squad" for Japan's own diplomacy by continuing to host this sort of summit every three years.

The Japanese government is concerned about a rising China.

This April, the first "China-Pacific Islands Nations Economic Development Cooperation Forum" was held in Fiji under the sponsorship of China. Chinese Premier Wen Jiabao and other leaders took part in the summit and announced that China will offer the region a total of 3 billion yuan or some 42 billion yen

over the next three years. If China's presence increases in the region, Japan might see its own influence weaken.

Tokyo intends to increase its official development assistance (ODA) to 40 billion yen or more over the next three years. Japan's strategy is to enhance the quality of aid, for instance, personnel training, so as to make clear the differences in aid between Japan and China.

13-1) Hill: North Korea not ready to return to six-party talks

MAINICHI (Page 3) (Full)
May 26, 2006

Shuji Nishioka, Beijing

US chief delegate to the six-party talks on the North Korean nuclear issue Assistant Secretary of State Christopher Hill held talks with his Chinese counterpart Wu Dawei in Beijing yesterday. After the talks, Hill indicated to the press that there has been no change in North Korea's stance of conditioning its return to the multilateral talks on a removal of US financial sanctions, saying: "North Korea is not ready to return to the negotiating table." Meanwhile, a Chinese Foreign Ministry spokesman brushed aside criticism that China has not made sufficient effort, saying, "Such a view is unacceptable"

13-2) Hill cancels Japan visit

MAINICHI (Page 3) (Full)
May 26, 2006

Washington, Kyodo

US Assistant Secretary of State Christopher Hill has called off his planned visit to Japan from May 26, a State Department official said on May 25. As the reason, the official cited failed efforts to coordinate a timetable for talks with Foreign Ministry Asia and Pacific Affairs Bureau Director General Kenichiro Sasae.

14) US urging Japan to consider financial sanctions against Iran

ASAHI (Page 4) (Full)

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May 26, 2006

US Department of State spokesman McCormick said in a press conference on May 24 that the US has asked Japan and other countries to consider financial sanctions against Iran over its nuclear development program. Citing Japan and Italy as countries that have trade relations with Iran, the spokesman said that their cooperation would be significant in imposing sanctions on Iran.

15) China's Foreign Ministry recognizes "Aso as an important partner"

TOKYO SHIMBUN (Page 2) (Full)
May 26, 2006

Norihiro Shinkai, Beijing

At a regular press conference yesterday, Chinese Foreign Ministry Spokesman made this comment on the Japan-China foreign ministerial meeting held in Doha, Qatar: "Foreign Minister (Taro) Aso is an important partner for improving and making progress in China-Japan relations. The meeting this time was beneficial and we have a positive opinion of Japan's attitude." The spokesman gave high marks to the contents of the recent foreign ministerial with Aso.

China is apparently trying to win Aso over to its side as he is said to be among the contenders to succeed Prime Minister Koizumi, although until recently Chinese media criticized Aso as a hard-liner toward China. As the reasons why China has now

valued Aso, Liu said, "Both sides have now shared the need for China and Japan to make efforts to remove obstacles standing in the way of improvement and development of relations," indicating that Japan has recognized the importance of resolving the Yasukuni issue through the meeting this time.

16) Japanese, Indian defense chiefs release document calling for transparency in China's military affairs

TOKYO SHIMBUN (Page 2) (Full)
May 26, 2006

Defense Agency (JDA) Director General Fukushima Nukaga yesterday evening met with Indian Defense Minister Pranab Mukherjee at the JDA and they signed a document for a joint release. The document included the adoption of anti-terrorism measures and the prevention of the proliferation of weapons of mass destruction as joint goals, as well as the promotion of confidence building in Asia, including striving for more transparency. The document, though it refrained from singling out China, has in mind the movements of that nation, which is pushing forward military modernization.

The document pointed out that Japan and India share the same values regarding democracy and human rights. It stressed the need for close bilateral cooperation to pursue joint targets, such as taking anti-terrorism measures, promoting transparency, securing maritime traffic safety and extending disaster relief operations.

17) Government to review mid-term defense program, eyeing spending cuts to squeeze out funds for US force realignment plans

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ASAHI (Page 2) (Full)
May 26, 2006

The government has decided to include a policy to review the current mid-term defense program (Chukibo, worth 24.24 trillion yen, covering the 2005-2009 period) among new cabinet decisions in preparation for implementing US force realignment plans in accordance with the final agreement reached between Japan and the US. To secure financial resources for the plans, the government aims to use the defense budget more effectively and reduce spending on front-line equipment, including tanks and destroyers.

The government will decide the scale of spending cuts related to the mid-term program after calculating realignment costs. The government will start reviewing the current program in fiscal 2008, but the Finance Ministry is calling for reviewing it ahead of schedule.

According to estimates, it would cost 6.09 billion dollars (about 685 billion yen) for relocating Okinawa-based Marines to Guam and 1.5 to 2 trillion yen for relocating US military facilities within the nation, such as the US Marine Corps' Futenma Air Station. As it stands, a huge amount of money will be needed, so the Defense Agency (JDA) hopes that the expenses will be paid separately from the JDA budget (about 4.8 trillion yen for fiscal 2006).

Finance Minister Tanigaki, however, indicated in a Diet reply that the ministry would trim the JDA budget, remarking: "We will try to make defense-related spending more efficient and streamlined. We will take some measures to avoid the costs needed for US force realignment from being added to the budget for the mid-term program." A senior government official also said yesterday: "The government will neither set up a special fund for the full amount of expenses nor pay for it from the defense budget." He thus indicated that the Finance Ministry intends to squeeze some part of the realignment costs from the JDA budget.

18) Defense Agency struggling to get cabinet approval of US force realignment; Compromising stance toward Okinawa drawing fire from within government

The Defense Agency is engaged in coordination with Okinawa in preparing its cabinet decision on May 30 that would implement US force realignment plans. In a bid to win Okinawa's concurrence, the agency has suggested a cabinet decision specifying an Okinawa-proposed temporary heliport plan for the relocation of Futenma Air Station. But objections are strong in the government to making a cabinet decision not reflecting the Japan-US agreement. Chances are growing that cabinet approval will slip to June.

Futenma

The Defense Agency initially aimed for cabinet approval on May 16, envisaging the presentation of US force realignment promotion bills to the Diet in the current session.

But Prime Minister Junichiro Koizumi raised a red flag toward

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making a hasty decision. The agency was forced to put off the planned cabinet approval, as Okinawa also called for its postponement until after the Pacific Islands Summit that would begin in the prefecture on May 26.

The Defense Agency and the Defense Facilities Administration Agency presented Okinawa and Nago with a "Defense Agency plan" outlining the construction of Futenma alternative facilities in "waters near Cape Henoko, Oura Bay, and Henoko Bay," with V-shaped two runways at Camp Schwab in mind.

The plan drew a strong backlash from Okinawa. Governor Keiichi Inamine, who exhibited his tolerance toward the government plan on May 11, demanded a revised Defense Agency plan, calling for a temporary heliport on the land portion of Camp Schwab.

The Defense Agency is leaned toward making concessions. For cabinet approval, the agency is considering wording flexible enough to suggest the government's willingness to study a temporary heliport based on the government plan.

But many LDP lawmakers fear that cabinet approval of implementation plans devoid of a V-shaped runway plan will draw fire from the US government. The government is struggling to make a decision with an eye on relations with the United States.

Midterm Defense Buildup Program

The government and the ruling coalition are casting a cold gaze at the Defense Agency's compromising posture party because the agency has been making coordination with Okinawa independently. The Cabinet Office, which has jurisdiction over Okinawa stimulus measures, is particularly displeased with the agency's lack of efforts to consult with it until recently.

Coordination is underway to include in a cabinet decision a review of the Midterm Defense Buildup Program (FY 2005 - 2008; 24.24 trillion yen) outlining the Self-Defense Forces' five-year equipment plans. The step reflects the Finance Ministry's eagerness to secure financial resources for US force realignment. But the SDF is showing strong aversion to a review of the defense buildup program. There is the view in the SDF that the defense buildup program is unconnected with US force realignment, which would begin on a full scale several years later.

The Finance Ministry and the Defense Agency discussed the defense buildup program in mid-May. Reportedly, a Defense Agency official not responsible for the matter discussed the program as a special envoy by Administrative Vice Defense Minister Takemasa Moriya. Rumor is circulating in the Defense Agency that this official has accepted a reduction of the defense buildup program in talks behind the scenes with the Finance Ministry.

SCHIEFFER